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C O N F I D E N T I A L SECTION 01 OF 02 PARIS 006633

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SUBJECT: FRENCH MFA ON NEXT STEPS FOR EU

REF: PARIS 6033

Classified By: PolMC Josiah Rosenblatt for reasons 1.4 (B & D).

1. (C) Summary: MFA DAS-equivalent for EU institutional affairs Setton told us September 27 that FM Douste-Blazy's September 23 proposal, at the governing center-right party's conference on Europe, for a two-speed Europe was "personal" not GOF policy. (The same holds true for Interior Minister Sarkozy's proposal for a core group of the EU's six largest countries.) We were told that the MFA was focused at the moment on demonstrating small successes as the best means to overcome the crisis in the EU following the demise of the constitutional treaty, and was looking at increased economic coordination within the Eurozone as a real possibility, in addition to France's traditional emphasis on research funding and fiscal harmonization. He expressed some concern that the UK Presidency was moving too slowly to show modest results by the time of the October informal ministerial, but some hope that the British would realize that a fundamental reform of the EU budget would probably have to await the next cycle, beginning in 2013. Setton indicated that the French AS-equivalent for European affairs would look forward to a regular dialogue with Washington visitors. End summary.

2. (SBU) Deputy Political Counselor met September 27 with MFA European Directorate DAS-equivalent Philippe Setton, who is responsible for EU institutional issues, to discuss French ideas for ways to begin to re-burnish the EU's image in the wake of the French and Dutch rejections of the constitutional treaty. The meeting seemed timely following the center-right governing party's September 24-25 convention on Europe, which dealt with the future of the EU as well as the issue of EU-Turkish accession negotiations.

Back to the future with a two-speed Europe?

3. (U) European Directorate A/S-equivalent Gilles Briatta had told EUR A/S Fried September 2 that the May 29 French rejection of the constitutional treaty had dispelled once and for all the myth that the EU could enlarge and deepen simultaneously (reftel). At the convention, FM Philippe Douste-Blazy proposed that a "hard core" of countries, constituting a "house within a house," should forge ahead to create a more integrated Europe. His idea would be for a core group of countries to forge ahead as an "avant garde" to create a more integrated Europe on economic and monetary policy, defense, foreign policy, and internal security and justice.

4. (U) Importantly, Douste-Blazy rejected the idea of a two-speed Europe in which one group would permanently be relegated to less-integrated status, specifying that the inner core would remain open to joining by other EU members. In a variation on the same theme, UMP President and GOF Interior Minister Nicolas Sarkozy called for replacing the traditional Franco-German "motor" with a new one -- not a "directorate," he promised -- formed of Europe's six largest countries: France, Great Britain, Italy, Spain and Poland. (Comment: Sarkozy's addition of Poland appears to be his own, as Chirac has generally preferred to cultivate his relationship with Russian President Putin rather than with his Polish counterpart. End comment.)

MFA looking to smaller steps

5. (C) Asked for his reactions to these proposals, Setton qualified Douste-Blazy's proposal as a purely "personal" at this state. (Comment: This view is supported by press reports that President Chirac quashed an appearance at the convention by his former spokesman and confidante, European Affairs Minister-Delegate Catherine Colonna, although this likely had more to do with the discussion of Turkey than the future of the EU. On the other hand, it appears that an earlier Douste-Blazy "personal" proposal to hold an international conference on Iraq has now become official government policy. End Comment.) Setton cast doubt on the viability of Douste-Blazy's proposal, saying that the Germans -- the primary proponents of the constitutional treaty, a policy he termed as "German unification writ large" for Eastern Europe -- were opposed to the creation of inner circles.

6. (C) Asked how the Quai viewed the way forward, Setton

indicated that there was no alternative to working within existing institutions, since the EU was a "law-making machine" that moved forward in a procedural, incremental and institutional way. Reform, too, was understood primarily in the institutional sense, which was why the rejection of the constitutional treaty was proving so debilitating. Setton accepted as a given that France, unlike Ireland in 2002, would not be able simply to "vote again" on the constitutional treaty as is -- or at least not in the near future. He thought it might be conceivable to revisit the question following the 2007 presidential elections. In the interim, France would continue to wait until enough other member states ratified the treaty to achieve a "critical mass." But he held out little hope this would occur, taking Pol Deputy's point that Commission Barosso had already indicated that the treaty was essentially dead.

17. (C) France, Setton said, would focus on modest steps over the near term aimed at demonstrating that the EU was continuing on as before and that the government had a handle on the situation. The goal was more one of conveying normalcy than new departures; he said France will have accomplished its mission when Minister-Delegate Colonna can speak on France's foremost evening news program without generating controversy. In terms of specific steps, Setton claimed there was a growing consensus within the EU to try to build on the Eurozone concept. People understood the concrete value of the euro as currency, but there was perhaps more that could be done in the way of more coordination on fiscal and monetary policy, along the lines of increased economic governance. He said France also would remain interested in increased EU funding of research and development and more fiscal harmonization.
UK Presidency off to slow start

18. (C) Asked about the upcoming October and December summits under the British presidency, Setton indicated that the Brits had done little beyond dealing with the opening of accession negotiations with Turkey. He expressed surprise that the Brits had not "pressed their advantage" more following the May 29 referendum, although he acknowledged that the July 7 terrorist attacks in London had probably shifted their main focus elsewhere. According to Setton, the Brits only last week completed a series of bilateral consultations with member states in the run-up to the October informal ministerial, and had yet to put forward any specific proposals.

19. (C) Setton's hope was that the informal ministerial would demonstrate that the EU was continuing to move forward. He did not foresee any agreement on the budget before the summit, adding his sense that the British were discovering that they remained more or less isolated on this issue. Noting that the EU was incapable of sudden reforms, he hoped the UK might eventually come round to the idea of revisiting budget fundamentals at the end of the current budget cycle ending in 2013. Meetings could begin before that, but it would not make sense to put them into effect until then.

Comment

110. (C) As someone who has worked EU issues for almost his entire career, Setton readily acknowledged his disappointment with the EU's current difficulties, from which he saw no easy way out. His take on the "institutional and procedural" nature of the EU provides a useful reminder of the structural underpinnings for and limitations of EU politics.

111. (C) On a brighter note, he commented that his Briatta had greatly appreciated the opportunity to meet with A/S Fried and that he was looking forward to continuing the dialogue with PDAS Volker. Our sense is that the French see these meetings as a concrete demonstration of U.S. interest in the EU. Setton added that Briatta had spent time in Washington as part of the EU Commission representation and had been greatly influenced by his stay in the U.S.

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